

September 20, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

CC: 02-6

Re: E-rate Appeal – Berrien County Intermediate School District

Dear Sir:

Enclosed is the appeal of the Berrien County Intermediate School District. The District is appealing a Funding Commitment Decision Letter dated July 26, 2007.

Also enclosed is a Letter of Agency providing authorization for our firm to represent the District in this appeal.

If you have any questions, please contact me at 906.265.4410.

Thank you for your attention to this matter.

Sincerely,

Ronald M. Basso

Enclosures

No. of Copies rec'd 041
List A B C D E



BERRIEN COUNTY INTERMEDIATE SCHOOL DISTRICT

EDUCATIONAL SERVICE AGENCY

711 ST. JOSEPH AVENUE • BERRIEN SPRINGS, MI 49103-1583
P: 269-471-7725 • F: 269-471-2941 • [HTTP://WWW.REMCI11.K12.MI.US](http://www.remci11.k12.mi.us)

September 11, 2007

Ronald M. Basso
Basso & Basso Legal Services
PO Box 63
Iron River, MI 49935

Re: Letter of Agency

Dear Mr. Basso:

This communication authorizes you to represent Berrien County Intermediate School District in order to appeal a Funding Commitment Decision Letter dated July 26, 2007 received from the Universal Service Administrative Company, Schools and Libraries Division. The appeal concerns Funding Year 2007, Form 471 application number 569038, funding request number 1571125. The appeal will be filed on our behalf by the deadline established by the e-rate program.

Thank you for your agreement to perform the above services.

Jeffrey Siegel
Superintendent

FEDERAL COMMUNICATIONS COMMISSION

Berrien County Intermediate School District
In Re: FCC Form 471 Application No. 569038
Funding Request Number: 1571125
Billed Entity Number: 131392
Applicant's Form Identifier: yr10471con

CC Docket No. 02-6

APPEAL

NOW COMES Berrien County Intermediate School District (Appellant) and files this appeal of a Funding Commitment Decision Letter (FCDL) dated July 26, 2007 (Attachment 1).

The Funding Commitment Report, at page 3 of the FCDL, concerning Funding Request Number (FRN) 1571125, shows a pre-discount amount of \$75,235.66 and a Funding Commitment Decision of \$46,646.11. The Funding Commitment Decision Explanation states: "The dollars requested were reduced to remove: ineligible entity Pre-K component."

Appellant requests that the decision of the Schools and Libraries Division be set aside and that full funding be restored.

STATEMENT OF FACTS

Appellant filed its FY2007 Form 471 in a timely manner. FRN 1571125, the FRN in dispute, is included under Block 5: Discount Funding Request(s), page 13. (Attachment 2) Appellant indicated on line 23h an annual pre-discount amount for eligible non-recurring charges of \$121,445. Based on its original calculation of a 62% discount, Appellant requested a funding commitment request of \$75,295.90, on line 23k.

On May 1, 2007, Appellant received a Program Integrity Assurance (PIA) request concerning FRN 1571125 (Attachment 3).

Item 2 on Attachment 3 stated: "Based on documentation that you have provided, we have determined that FRN 1571125 includes ineligible items. According to program rules, USAC is unable to fund ineligible products or services. The changes associated with ineligible items must be identified and removed. Listed below are the ineligible item(s) and their associated costs: *\$97.16 monthly for ineligible Pre-K components. Please confirm if you agree with the cost allocation. If you do not agree with the cost allocation that we have produced,

you must provide an alternative cost allocation identifying the cost(s) for the ineligible item(s)."

Appellant responded by fax on May 7, 2007 (Attachment 4).

Attached to the fax was a spreadsheet which responded to the PIA request by removing the South Elementary Pre-K enrollment and adjusting the requested funding commitment (Attachment 5).

In the response (Attachment 4), Appellant stated:

2) For FRN 1571125 – I have calculated a different amount applied to the cost allocation outlined in your Email and Fax of May 1, 2007.

FRN 1571125 is for Internet Connections with Merit, Inc. This FRN applies to the entire student count in the consortium.

The consortium count is 28,756 and the number of Pre-K students at South Elementary is 24. This is .008%¹ of the consortium count. The requested discount for FRN 1571125 is \$75, 295.00 and .008%² of that total is \$60.24 or \$5.02 monthly. A spreadsheet is attached detailing the calculation.

Appellant believed that this explanation responded to the PIA request by removing the ineligible Pre-K students at South Elementary. Appellant calculated a different amount for the ineligible costs, as reflected in Attachment 5.

Appellant did not hear again from the PIA.

Appellant's next communication came in the form of the FCDL (Attachment 1). The FCDL reduced the annual pre-discount amount for Eligible Non-Recurring Services to \$75,235.66³ and reduced the funding commitment to \$46,646.11, based on the 62% discount percentage.

¹ The figure of .008% is a typographical error and should read ".0008%" as evidenced by the spreadsheet (Attachment 5) Appellant included with his response.

² Ibid.

³ Page 3 of Attachment 1.

ARGUMENT AND CONCLUSIONS

Appellant admits that its May 7, 2007, communication (Attachment 4) to the PIA reviewer has caused the confusion in this case. Appellant's choice of words "the requested discount for FRN 1571125 is \$75,295.90 and .008% of that total is \$60.24" led the PIA reviewer to believe that Appellant was requesting to reduce the pre-discount amount on line 23h of Attachment 2 to \$75, 235.66. No where in Attachment 4 does it say that the amount is the "post discount" reduction. For this confusion, Appellant apologizes.

Appellant also acknowledges that Attachment 4 should have been more clearly written.

Appellant's intent, when using the words "requested discount for FRN 1571125 is \$75,295.90," was to reflect that this amount was the "post discount" Funding Commitment Request– not the "pre-discount"- amount. The Appellant also did not make it clear in Attachment 4 that the original request of \$121,445.00 remained as the pre-discount amount. This number would have then been multiplied by the shared discount of 62% to arrive at a funding commitment request of \$75,295.90 less the adjustment for the Pre-K students to arrive at a funding commitment request of \$75,235.66.

The figure of \$75,235.66 appears as the pre-discount amount on the FCDL, Attachment 1, rather than the funding commitment decision amount. Therefore, after applying the 62% discount percentage approved by the USAC, the funding commitment on the FCDL is \$46,646.11. It should be noted that the PIA reviewer accepted the cost calculation provided by Appellant in Attachment 4 for the ineligible Pre-K program.

Appellant would like to make it clear that the original line 23h of Attachment 2 on page 13 reflecting an Annual Pre-discount amount for eligible non-recurring services of \$121,445.00 is the correct amount and no reduction has been requested.

Further, Appellant would like to make it clear that the line 23k amount of \$75,295.90, the funding commitment request, found on page 13 of Attachment 2, is the amount to be modified to reflect the adjustment for the elimination of the Pre-K enrollment at South Elementary as documented on Attachment 5. With this adjustment, Appellant would then amend line 23k to reflect a reduction of the funding commitment request of \$60.24 thereby resulting in a funding commitment request of \$75,235.66.

The E-rate program was established to assist schools in attaining funding to address the technology needs of its students. The PIA reviews are a necessary

part of the program in order to assure that fraud and waste are not occurring in the system. In the instant case, no fraud or waste has occurred. Neither has any ineligible services been funded.

Furthermore, Appellant responded to the PIA request in a timely manner and provided the information requested, albeit in a poorly stated manner.

The misunderstanding concerning the funding commitment request was unintentional. To grant Appellant's appeal will allow Appellant to receive the funding it has requested and is entitled to for eligible services.

By allowing for correction of these types of unintentional errors, Appellant will be able to obtain access to discounted telecommunications and information services.

As this Commission has said in past decisions, it is the intent of the E-rate program that eligible schools and libraries will be able to realize the intended benefits of the E-rate program.

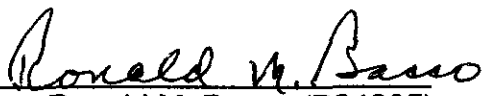
By allowing the correction of the misunderstanding and granting this appeal, Appellant will not receive any more funding than it was entitled to. In addition, there is no evidence of waste, fraud or abuse, misuse of funds, or a failure to adhere to core program requirements. A denial of the funding request as described above would cause undue hardship on the Appellant.

Therefore, Appellant requests that the funding commitment for FRN 1571125, Attachment 2, be established at \$75, 235.66. Further, Appellant requests that this matter be remanded to the Universal Services Administrative Company to implement the requested relief.

Respectfully submitted,

Berrien County Intermediate School District

Dated: September 20, 2007


By: Ronald M. Basso (P24805)
Basso & Basso Legal Services LLC
PO Box 63
Iron River MI 49935
Telephone: 906.265.4410
Email: ron@bassoandbasso.us



Universal Service Administrative Company
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER
(Funding Year 2007: 07/01/2007 - 06/30/2008)

July 26, 2007

Dennis Lundgren
BERRIEN CO INTER SCHOOL DIST
BCISD
711 SAINT JOSEPH AVE
BERRIEN SPGS, MI 49103-1602

Re: Form 471 Application Number: 569038
Billed Entity Number (BEN): 131392
Billed Entity FCC RN: 0011785367
Applicant's Form Identifier: YR10471CON

Thank you for your Funding Year 2007 application for Universal Service Support and for any assistance you provided throughout our review. The current status of the funding request(s) in the Form 471 application cited above and featured in the Funding Commitment Report(s) (Report) at the end of this letter is as follows.

- The amount, \$285,946.49 is "Approved."

Please refer to the Report on the page following this letter for specific funding request decisions and explanations. The Universal Service Administrative Company (USAC) is also sending this information to your service provider(s) so preparations can begin for implementing your approved discount(s) after you file FCC Form 486, Receipt of Service Confirmation Form. A guide that provides a definition for each line of the Report is available in the Reference Area of our website.

NEXT STEPS

- Work with your service provider to determine if you will receive discounted bills or if you will request reimbursement from USAC after paying your bills in full
- Review technology planning approval requirements
- Review CIPA requirements
- File Form 486
- Invoice USAC using the Form 474 (service provider) or Form 472 (Billed Entity) - as products and services are being delivered and billed

TO APPEAL THIS DECISION:

If you wish to appeal a decision in this letter, your appeal must be received by USAC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and (if available) email address for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Include the following to identify the letter and the decision you are appealing:
 - Appellant name,
 - Applicant name and service provider name, if different from appellant,
 - Applicant BEN and Service Provider Identification Number (SPIN),
 - Form 471 Application Number 569038 as assigned by USAC,
 - "Funding Commitment Decision Letter for Funding Year 2007," AND
 - The exact text of the decision that you are appealing.
3. Please keep your letter to the point, and provide documentation to support your

appeal. Be sure to keep a copy of your entire appeal, including any correspondence and documentation.

4. If you are the applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are the service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to USAC by email, email your appeal to appeals@universal.service.org. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to USAC by fax, fax your appeal to (973) 599-6542.

To submit your appeal to USAC on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road
P.O. Box 902
Whippany, New Jersey 07981

You have the option of filing an appeal with the SLD or directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted in the Reference Area of our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Program. Applicants who have received funding commitments continue to be subject to audits and other reviews that USAC and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. USAC may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by USAC, the applicant, or the service provider. USAC, and other appropriate authorities (including but not limited to the FCC), may pursue enforcement actions and other means of recourse to collect improperly disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Schools and Libraries Division
Universal Service Administrative Company

FUNDING COMMITMENT REPORT
Billed Entity Name: BERRIEN CO INTER SCHOOL DIST
BEN: 131392
Funding Year: 2007

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 569038
Funding Request Number: 1571125
Funding Status: Funded
Category of Service: Internet Access
Form 470 Application Number: 493950000604589
SPIN: 143004331
Service Provider Name: Merit Network, Inc.
Contract Number: 20061219-498-EMP-1
Billing Account Number: 20061219-498-EMP-1
Multiple Billing Account Numbers: N
Service Start Date: 07/01/2007
Service End Date: N/A
Contract Award Date: 02/02/2007
Contract Expiration Date: 06/30/2009
Shared Worksheet Number: 884015
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$75,235.66
Pre-discount Amount: \$75,235.66
Discount Percentage Approved by the USAC: 62%
Funding Commitment Decision: \$26,646.11 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove: ineligible entity Pre-K component.

ECDL Date: 07/26/2007
Wave Number: 012
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2008

FUNDING COMMITMENT REPORT
Billed Entity Name: BERRIEN CO INTER SCHOOL DIST
BEN: 131392
Funding Year: 2007

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 569038
Funding Request Number: 1571337
Funding Status: Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 493950000604589
SPIN: 143004791
Service Provider Name: Verizon North Inc.
Contract Number: MTM
Billing Account Number: 215060230930751304
Multiple Billing Account Numbers: Y
Service Start Date: 07/01/2007
Service End Date: 06/30/2008
Contract Award Date: N/A
Contract Expiration Date: N/A
Shared Worksheet Number: 884015
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$37,080.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00
Pre-discount Amount: \$37,080.00
Discount Percentage Approved by the USAC: 62%
Funding Commitment Decision: \$22,989.60 - FRN approved as submitted

FCDL Date: 07/26/2007

Wave Number: 012

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2008

FUNDING COMMITMENT REPORT
Billed Entity Name: BERRIEN CO INTER SCHOOL DIST
BEN: 131392
Funding Year: 2007

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 569038
Funding Request Number: 1571929
Funding Status: Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 440000000419476
SPIN: 143001727
Service Provider Name: Michigan Bell Telephone Company
Contract Number: 02-MI-65721
Billing Account Number: ROI-7492
Multiple Billing Account Numbers: N
Service Start Date: 07/01/2007
Service End Date: N/A
Contract Award Date: 01/27/2003
Contract Expiration Date: 06/30/2008
Shared Worksheet Number: 884015
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$136,473.36
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00
Pre-discount Amount: \$136,473.36
Discount Percentage Approved by the USAC: 62%
Funding Commitment Decision: \$84,613.48 - ERN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to
remove: the ineligible entity Pre-K component.

ECDL Date: 07/26/2007
Wave Number: 012
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2008

FUNDING COMMITMENT REPORT
Billed Entity Name: BERRIEN CO INTER SCHOOL DIST
BEN: 131392
Funding Year: 2007

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 569038
Funding Request Number: 1572000
Funding Status: Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 108600000568452
SPIN: 143001727
Service Provider Name: Michigan Bell Telephone Company
Contract Number: 20060216-0315
Billing Account Number: R01-7492
Multiple Billing Account Numbers: N
Service Start Date: 07/01/2007
Service End Date: N/A
Contract Award Date: 02/14/2006
Contract Expiration Date: 06/30/2011
Shared Worksheet Number: 884015
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$212,415.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00
Pre-discount Amount: \$212,415.00
Discount Percentage Approved by the USAC: 62%
Funding Commitment Decision: \$131,697.30 - FRN approved as submitted

ECDL Date: 07/26/2007

Wave Number: 012

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2008

Berrien Co Inter
9-20-07
Attachment 2

7. Discount: 60%	8. Weighted Product: 133.8	
9. Pre-K/Adult Ed/Juv: N	10. Alt Disc Mech: N	

1. School Name: RIVER VALLEY SR HIGH SCHOOL		
2. Entity Number: 57290	NCES: 26 29790 06559	
3. Rural/Urban: Urban		
4. Student Count: 471	5. NSLP Students: 112	6. NSLP Students/Students: 23.779%
7. Discount: 50%	8. Weighted Product: 235.5	
9. Pre-K/Adult Ed/Juv: N	10. Alt Disc Mech: N	

1. School Name: THREE OAKS ELEMENTARY SCHOOL		
2. Entity Number: 57288	NCES: 26 29790 06560	
3. Rural/Urban: Urban		
4. Student Count: 267	5. NSLP Students: 113	6. NSLP Students/Students: 42.322%
7. Discount: 60%	8. Weighted Product: 160.2	
9. Pre-K/Adult Ed/Juv: N	10. Alt Disc Mech: N	

Block 5: Discount Funding Request(s)

FRN: 1571125 FCDL Date:	
10. Original FRN:	
11. Category of Service: Internet Access	12. 470 Application Number: 493950000604589
13. SPIN: 143004331	14. Service Provider Name: Merit Network, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: 20061219-498-EMP-1
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 20061219-498-EMP-1	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 01/08/2007	18. Contract Award Date: 02/02/2007
19a. Service Start Date: 07/01/2007	19b. Service End Date:
20. Contract Expiration Date: 06/30/2009	
21. Attachment #: 2	22. Block 4 Worksheet No.: 884015
23a. Monthly Charges: \$0.00	23b. Ineligible monthly amt.: \$0.00
23c. Eligible monthly amt.: \$0.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$0.00	
23f. Annual non-recurring (one-time) charges: 121445	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$121,445.00	
23i. Total program year pre-discount amount (23e + 23h): \$121,445.00	
23j. % discount (from Block 4): 62	
23k. Funding Commitment Request (23i x 23j): \$75,295.90	

FRN: 1571337 FCDL Date:	
10. Original FRN:	
11. Category of Service: Telecommunications Service	12. 470 Application Number: 493950000604589
13. SPIN: 143004791	14. Service Provider Name: Verizon North Inc.
15a. Non-Contracted tariffed/Month to Month Service: Y	15b. Contract Number: MTM
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 215060230930751304	16b. Multiple Billing Account Numbers?: Y
17. Allowable Contract Date: 01/08/2007	18. Contract Award Date:
19a. Service Start Date: 07/01/2007	19b. Service End Date: 06/30/2008
20. Contract Expiration Date:	
21. Attachment #: 3	22. Block 4 Worksheet No.: 884015
23a. Monthly Charges: \$3,090.00	23b. Ineligible monthly amt.: \$0.00

Dennis D. Lundgren, Director
Instructional Technology and Media Services
711 St. Joseph Avenue
Berrien Springs, MI 49103-1602
Phone: 269.471.7725 ext. 107
Fax: 269.471.1221
dlundgre@remc11.k12.mi.us



Fax

To: Marie C. Thomas, PIA Reviewer **From:** Dennis Lundgren

Schools and Libraries Division

Fax: 973-599-6522

Pages: 19 including cover

Phone: 973-581-5046

Date: May 7, 2007

Re: BEN: 131392

Application #: 569038

This is in response to questions from the PIA review dated 05/01/2007. This response provides information requested.

1) For FRN **1571929** – the contract is included in this fax.

2) For FRN **1571125** - I have calculated a different amount applied to the cost allocation outlined in your Email and Fax of May 1, 2007.

FRN 1571125 is for Internet Connections with Merit Inc. This FRN applies to the entire student count in the consortium.

The consortium student count is 28,756 and the number of Pre-K students at South Elementary is 24. This is .008% of the consortium count. The requested discount for FRN 1571125 is \$75,295.90 and .008% of that total is \$60.24 or \$5.02 monthly.

A spreadsheet is attached showing the calculation.

Please let me know if you have any questions or require more information.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dennis Lundgren", is written over a horizontal line.

Dennis Lundgren
Director Instructional Technology and Media Services
Erate Contact

BEN: 131392 Berrien County Intermediate School District			7-May-07
Application # 569038			
	BEN	Name Abbreviation	Count
1	131392	Berrien Co ISD	346
2	57225	Berrien Sp. Village	185
3	131391	Berrin Springs Pub	1,648
4	131407	Brandywine	1,485
5	131395	Bridgman	1,038
6	131396	Buchanan School D	1,675
7	131308	Cassopolis	1,176
8	131320	Coloma Com	1,915
9	56968	Countryside Acad	532
10	131333	Dowagiac	2,750
11	131398	Eau Claire	855
12	131400	Edwardsburg P	2,444
13	131401	Galien	276
14	131410	Lakeshore	2,634
15	131310	Lewis Cass ISD	107
16	131403	New Buffalo	651
17	131406	Niles Comm	3,844
18	131413	River Valley	961
19	57149	Riverside	64
20	131370	St. Joseph	2,568
21	57151	Trinity Lutheran Sc	278
22	131386	Watervliet	1,324
TOTAL CONSORNIUM STUDENTS:			28,756
South Elementary Pre-K Enrollment:			24
Ratio of total:			0.0008 (24/28,756)
Percent of total:			0.08%
FRN 1571125 Requested Discount Amount:			\$75,295.90
Adjusted .0008 to remove Pre-K enrollment:			\$60.24 (75,295.90 x .0008)
Monthly Adjustment:			\$5.02 (60.24/12)

Berrien Co Inter
9-20-07
Attachment 3

May 01, 2007

Dennis Lundgren

BERRIEN CO INTER SCHOOL DIST

Telephone:

(269) 4717725 Ext 107

Application Number

569038

Response Due Date: 05/16/2007

The Program Integrity Assurance (PIA) team is in the process of reviewing all Funding Year 2007 Form 471 Applications for schools and libraries discounts to ensure that they are in compliance with the rules of the Universal Service program. We are currently in the process of reviewing your Funding Year 2007 Form 471 Application. To complete our review, we need some additional information. The information needed to complete the review is listed below.

1. For FRN 1571929, please provide a copy of the valid contract signed and dated.
2. Based on documentation that you have provided, we have determined that FRN1571125 includes ineligible items. According to program rules, USAC is unable to fund ineligible products or services. The charges associated with ineligible items must be identified and removed. Listed below are the ineligible item(s) and their associated costs:

*\$97.16 monthly for ineligible Pre-K components

Please confirm if you agree with the cost allocation. If you do not agree with the cost allocation that we have produced, you must provide an alternative cost allocation identifying the cost(s) for the ineligible item(s).

If you do not respond within 15 days, *the FRN will be modified to remove the ineligible item(s).*

For further information, see "Cost Allocation Guidelines for Products and Services" located in the Reference Area of the SLD Web site at:
<http://www.universalservice.org/sl/applicants/step06/cost-allocation-guidelines-products-services.aspx>

Please fax or email the requested information to my attention. If you have any questions, please feel free to contact me.

It is important that we receive all of the information requested within 15 calendar days so we can complete our review. Failure to do so may result in a reduction or denial of funding. If you need additional time to prepare your response, please let me know as soon as possible.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Sincerely

Marie C. Thomas

Associate Manager-PIA Reviewer